

FISCAL NOTE

SB 1230 - HB 1691

March 29, 2005

SUMMARY OF BILL: Enacts the "Teacher Choice Compensation Act" which creates an optional performance-based stipend system for teachers who voluntarily surrender their tenure or eligibility for tenure. Stipends are to be paid in addition to base salaries, would be paid in \$5,000 increments and would range from \$5,000-\$15,000, not to exceed 50% of the teacher's base pay. Teachers opting for the performance-based system would only be eligible for year-to-year employment, but could consider opting into another system's tenure system upon transfer to a new LEA. The bill is subject to appropriation and would not be included in current BEP funds.

ESTIMATED FISCAL IMPACT:

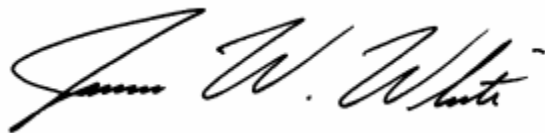
Increase State Expenditures - \$3,000,000 to \$30,000,000

Assumptions:

- Present law requires that public school teachers be paid based on salary schedules formulated by the Commissioner of Education based on tenure, experience, and education.
- The number of teachers who would opt out of the tenure system in exchange for the performance-based stipend system cannot reasonably be determined. It is assumed that from 1% to 10% of a system's teachers may opt out of the tenure system.
- All teachers who opt into the performance-based system would qualify for the maximum stipend. The maximum amount of a stipend for a given teacher is \$15,000.
- Only teachers in grades 3-8 appear to be eligible for the stipends since criteria for eligibility is based on teacher effects on students' TCAP scores. The TCAP is only administered to students in grades 3-8.
- There are approximately 20,633 teachers in grades 3-8 in the state based on 2003-04 school year data. If 1% of the states' teachers opted into the performance-based system and qualified for the maximum stipend (\$15,000), the total allotment from the state to all the LEAs would be \$3,094,908; 10% would be \$30,949,080.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director